ANNUAL REPORT

for the fiscal year
ending March 31, 1987

Department of Development

91-06561/

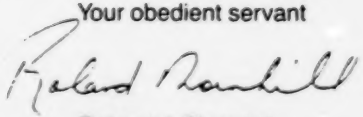
His Honour The Honourable Lloyd R. Crouse, P.C.
Lieutenant-Governor
Province of Nova Scotia

May it please Your Honour:

It is my privilege to submit the report of the Department of Development for the Province of Nova Scotia for the fiscal year ending March 31, 1987.

I have the honour to be, Sir,

Your obedient servant



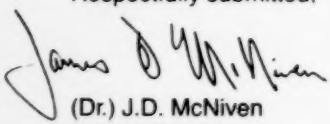
Roland J. Thornhill
Department of Development

Honourable Roland J. Thornhill
Minister of Development
Halifax, Nova Scotia

Sir

I take pleasure in submitting the Annual Report of the Department of Development for the fiscal period ending March 1, 1987.

Respectfully submitted,



(Dr.) J.D. McNiven
Deputy Minister

CONTENTS

Organization Chart 8

Nova Scotia Economic Performance 9

Office of the Minister 10

Office of the Deputy Minister 10

Divisions 11

Agencies 16

Business Development 21

Trade and Investment 23

Federal/Provincial Subsidiary Agreements 26

Program Development and Statistical Inquiries 28/29

Administrative Support 30

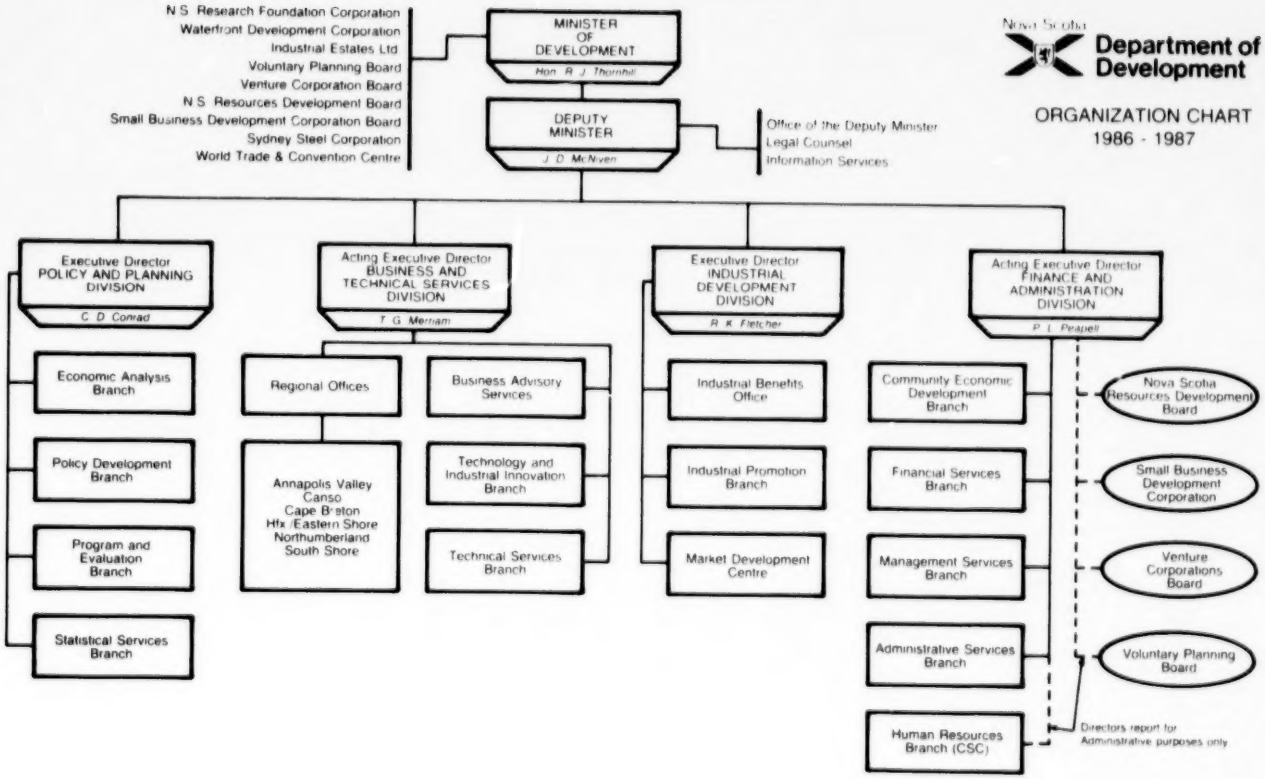
Program Expenditures Table 33

Federal/Provincial Subsidiary Expenditure Table 34

Statistics (Tables) 41

Nova Scotia
Department of Development

ORGANIZATION CHART
1986 - 1987



NOVA SCOTIA ECONOMIC PERFORMANCE

Nova Scotia's real domestic product increased 5.2% for the calendar year 1986, to reach $11.2 billion, compared with the overall Canadian increase of 1.9% for the same period. Total provincial population increased by an estimated 0.3% while labour force exhibited a 1.8% increase. A 2.4% increase in employment resulted in a decrease in the unemployment rate to 13.1% from 13.6% in 1985.

The rate of inflation, as measured by the Halifax Consumer Price Index, increased by only 3.5% during the calendar year 1986, as compared by 4.4% in the previous year. Total personal income rose by 3.4% (in real terms), while the equivalent increase in per capita income was 3.2%. Provincial per capita income in 1986 reeached 80.9% of the national average. Only a marginal gain was made in average weekly wages and salaries, although the provincial average moved to 90.6% of the Canadian average. After several years of spectacular growth, retail trade in the province increased by only 1.2% in real terms as compared to 4.1% for the nation.

The strongest growth in capital investment was attributed to the residential housing construction sector as housing starts in 1986 number 7,571 units, representing an increase of 9.4% over the previous year and setting a new overall record of activity.

The fishing industry in the province had a strong performance with a gain of almost 32% in the value of fish landings, although the volume of the overall catch was off by 2.2%. Farm cash receipts rose by 3.1%. The diversity of this sector within the province kept its performance above the national level. Activity in the forestry sector improved with an increase in pulpwood production of almost 4% and in lumber production of 15.6%. Coal production was up by 5.6%.

The value of Nova Scotia exports to foreign countries exhibited strong growth with an increase of 26.6% over 1985 exports. Overall manufacturing shipments experienced an increase of 0.2% in real terms.

OFFICE OF THE MINISTER

The Minister of Development is the cabinet spokesman on matters relating to economic development policies. The Minister sits on a number of Cabinet and House Committees.

The Minister of Development is responsible to Cabinet for the activities of the Department of Development as well as for:

Industrial Estates Limited
Nova Scotia Research Foundation Act
Nova Scotia Resources Development Board
Small Business Development Corporation
Sydney Steel Corporation
Venture Corporations Board
Voluntary Planning Board of Nova Scotia
Waterfront Development Corporation
World Trade and Convention Centre

OFFICE OF THE DEPUTY MINISTER

The Deputy Minister is responsible for the day-to-day activities and efficient functioning of all elements of the Department of Development.

The Deputy Minister is responsible to the Minister for proper interpretation and effective implementation of government policies and programs relating to economic development in the province. The Deputy Minister is also responsible for the formulation of policy options, for the conduct of negotiations under the Economic and Regional Development Agreement (ERDA) between Canada and Nova Scotia and for major development initiatives.

Reporting directly to the Deputy Minister are the following two offices:

Solicitor's Office

The Solicitor's Office provides a comprehensive legal service to the Department of Development. The Solicitor gives day-to-day advice and problem-solving assistance, services all requests for cabinet authorization, sets security requirements for all loans and drafts, and negotiates all agreements in support of loans between this department and third parties.

Information Services

Information Services coordinates public and media relations and is responsible for the production, editing and distribution of the department's publications and promotional materials. The office is the liaison with federal, provincial and municipal government departments on joint information and publicity projects.

Information Services is also responsible for all departmental advertising.

DIVISIONS

Business and Technical Services

The Business and Technical Services Division is comprised of four branches primarily responsible for business development within the department. The division offers management and technical advice and services, co-ordinates the work of 11 regional and district field offices, administers a variety of programs designed to assist Nova Scotia businesses, and implements federal/provincial subsidiary agreements. The branches are:

The *Business Advisory Services Branch* provides sound, timely advice on financial, general management and marketing problems to existing and potential Nova Scotian businesses, in order to enhance their overall effectiveness. The service is also used for internal decision making by the Department of Development.

The *Technical Services Branch* gives assistance and advice of a technical nature to both government and private industry. It is responsible for the implementation of many of the Federal/Provincial cost-shared infrastructure agreements and the Canada/Nova Scotia Offshore Development Fund. The Branch assists with the planning, design, and implementation of many varied projects including industrial parks and malls, recreational facilities, marine facilities, and municipal infrastructure.

The *Technology and Industrial Innovation Branch* provides information, advice and financial support to Nova Scotian medium to high technology companies. Financial support is in the form of grants under criteria established for the Technology Transfer and Industrial Innovation

Subsidiary Agreement and the Ocean Industry Development Subsidiary Agreement. In addition, the branch is responsible for the implementation of a range of other programs under the Technology Agreement (e.g. Technology Transfer Office, Institutional CAD/CAM Support) and for administration of the Management Development and Shad Valley Programs.

The *Regional Offices Branch*, with 11 locations, including six Small Business Service Centres located strategically throughout the province, provides management advice to the business community. Advice is also offered to organizations and potential entrepreneurs pertaining generally to the establishment, operation and expansion of business. A special emphasis has been placed on their role as it pertains to small business. This branch also acts as a delivery mechanism for the Department of Development's programs and services, as well as those of other governments. The Regional Offices administer seven programs.

The Department of Development uses the province-wide Regional Offices in the Development of Programs and Services. Advice from the regions assists with the implementation of new economic development programs and services by interpreting the opportunities and problems of the business community and then formulating and recommending appropriate government action.

Assistance to Industrial Commissions Programs
Black Business Opportunity Program
Consulting Assistance Program
Disabled Entrepreneurs Assistance Program
Industrial Mall Municipal Tax Rebate Program
Rural Industry Program
Women's Entrepreneurial Development Program

Development staff sit on the following advisory committees with federal, provincial and municipal governments: the Physical Distribution Advisory Services Steering Committee; the Joint Federal Provincial Entrepreneurs and Self-Employed Immigration Review Group; the Local Employment Assistance and Development Program Committee; the Forestry Industry Development Committee; and the Economic Development Association of Nova Scotia.

INDUSTRIAL DEVELOPMENT

The Industrial Development Division of the Department of Development promotes industrial growth by seeking out appropriate industries to locate in the province, by encouraging the competitiveness and capabilities of Nova Scotian firms, and by helping Nova Scotian companies develop new products and establish new markets. The Industrial Division is comprised of three branches.

The Industrial Promotion Branch

The Industrial Promotion Branch actively promotes Nova Scotia as a location for new business investment. Industrial Promotion focuses on those manufacturing and service industries outside the province which will complement existing industrial activity. In addition, the Industrial Promotions Branch handles Nova Scotia's interest in the "Entrepreneurial Immigration Program."

The Industrial Benefits Office

The Industrial Benefits Office identifies opportunities for Nova Scotian business in major capital investment in the province by such procedures as monitoring offset agreements and negotiating Nova Scotian content with clients.

As well, the Industrial Benefits Office serves as the agency for increasing the sales of Nova Scotian goods and services to the provincial and federal governments and their agencies.

The Market Development Centre

The Market Development Centre encourages the sale of Nova Scotia's goods and services, both domestically and internationally through market consulting, trade promotions, trade missions and market planning. Assistance is provided to Nova Scotian companies for new product development through the Product Development Management Program, while the trade/marketing projects are assisted through the Trade Expansion Program.

POLICY AND PLANNING DIVISION

The Policy and Planning Division negotiates development agreements with the federal government, develops the province's positions and

policies on major economic issues, assesses Nova Scotia's development activity and economic performance, and acts as a focal point for provincial statistics. The Division is comprised of four branches.

Program and Evaluation Branch

The Program and Evaluation Branch negotiates development agreements with the federal government. As well, the branch assesses federal and other provincial government activities for potential relevance to the needs of Nova Scotia. Program and Evaluation also designs new, and evaluates existing department programs.

Policy Development Branch

The Policy Development Branch conducts and provides analysis on a wide range of economic development concerns. The branch develops provincial positions and policies on major economic issues and acts as the principal focus of responsibility for the province's long-term development strategy.

Economic Analysis Branch

The Economic Analysis Branch assesses the economic performance and outlook of the province, and provides effective analysis of industrial and economic opportunities and developments affecting the provincial economy. This service is not only provided to the Department of Development but to the offices, agencies and other departments of the provincial government and, in some cases, to private industry.

Statistics Branch

The Statistics Branch is designated under the Nova Scotia Statistics Act as the focal point for statistical services in the province, and maintains or has access to, numerous data bases. Publications are produced covering a wide variety of economic and demographic indicators. Government, business and private citizens are all provided with a wide variety of demographic and economic information.

FINANCE AND ADMINISTRATION DIVISION

The Finance and Administration Division manages and controls the fiscal resources of the Department of Development and its agencies. The division is responsible for maintaining the effective utilization of person-

nel and for administering job creation initiatives. As well, Finance and Administration staff examines the purchasing policies of all publicly supported bodies to ensure that the province obtains the maximum economic benefit in its procurement practices. The division provides administrative support to the Resources Development Board, Venture Corporations Board, Voluntary Planning Board, Small Business Development Corporation and the Office of the Agent General in London. The Division is comprised of five branches.

Community Economic Development Branch

The Community Economic Development Branch assesses the economic development needs of the province in conjunction with federal, provincial and municipal governments and specific groups. The Branch develops, implements and monitors the following programs: Mainstreet Program, Business Development Program, Youth Entrepreneurial Skills (YES) Program, Program for the Disabled, Public Sector Employment Program, Primary Resource Employment Program, Job Experience Training for Students (JETS), Springhill Miners Program, Village Square, Summer Employment/Experience Development, Work Orientation Workshops (WOW), and special Community Economic Development initiatives.

Financial Services Branch

The Financial Services Branch develops, implements and maintains the financial and management information systems for the department through the design and approval of operating policies and procedures, budgetary planning, and financial control of program and project expenditures. The branch administers the Machinery and Equipment Tax Rebate Program.

Administrative Services Branch

The Administrative Services Branch designs and implements departmental operating policies and procedures and is also responsible for maintaining a library of books, periodicals and annual reports in the fields of industry, trade, business and economics. The graphics section of the department is included in this Branch.

Management Services Branch

The Management Services Branch develops, implements and maintains internal and external supervision on departmental financial activities by

carrying out financial audits on assets and programs and by examining the purchasing policies of all publicly supported bodies.

Human Resources Branch

The Human Resources Branch develops and administers personnel policies and procedures, and is responsible for human resources development and training, staffing, compensation, benefits and staff relations.

AGENCIES

The *Small Business Development Corporation* promotes the economic well-being of the province by providing small business with financial assistance and advice.

The *Nova Scotia Resources Development Board* is responsible for administering loans and other financial assistance provided under the Industrial Loan Act and the Industrial Development Act. The Board acts in an advisory capacity on all loans requiring approval by Order-in-Council.

The *Venture Corporations Board* encourages business to participate in providing risk capital and management assistance to small business in Nova Scotia. The main purpose of the Board is to register eligible Venture Capital Corporations which, in turn, will seek out eligible small businesses for investment purposes.

The *Voluntary Planning Board* provides a vehicle through which the private sector can voluntarily become involved in development and economic planning and can make direct representation to all levels of government.

BUSINESS DEVELOPMENT LOAN AGENCIES

RESOURCES DEVELOPMENT BOARD

The Nova Scotia Resources Development Board is responsible for administering loans, and other financial assistance, provided under the Industrial Loan Act and the Industrial Development Act. The Board acts in an advisory capacity to the Minister of Development, with all loans requiring approval by Order-in-Council. At March 31, 1987, the total portfolio administered by the Board consisted of outstanding loans, guarantees, investments, and advances and assets under administration of $236,000,000.

BOARD COMPOSITION

The Board is composed of ten members. One resignation occurred during the year and the present Board membership is as follows:

Chairman	- Dr. Joseph Zatzman	Dartmouth, Halifax County
Members	- Gregory R. Baker	Dartmouth, Halifax County
	Lawrence H. Coldwell	Port Williams, Kings County
	Percy Gaum	Sydney, Cape Breton County
	Robert D. Inglis, C.A.	Sydney, Cape Breton County
	Peter Johnston	Folly Mountain, Colchester County
	Frank W. Nichols	Kentville, Kings County
	Keith O. Raymond	Digby, Digby County
	Christina Shaw	Halifax, Halifax County
	Donald W. Tingley	Amherst, Cumberland County

GENERAL ACTIVITIES

Established in May, 1972, the Board completed 15 years of operation. Six meetings were held during the year, at which a total of 119 matters were discussed as follows:

Applications Recommended	14
Applications Rejected	7
Changes in ownership, repayment revisions, arrears, foreclosures and other matters	98
	119

TOURISM AND INDUSTRIAL LOANS

Under the Industrial Loan Act the Board considered and recommended seven loan applications, all of which were approved by the Governor-in-Council. There were no requests, or approval, for funds for foreclosure actions.

Under the Industrial Development Act, the Board considered and recommended three loan and four guarantee applications. The Governor-in-Council approved these applications, along with 11 other loan and guarantee applications, for a total of 18 applications under the Act.

During the year, one applicant requested a ruling on eligibility by the Board. One account was placed in receivership and deficiency write-offs were applied to ten other accounts. Twenty-eight accounts were paid off, and changes were made in repayment schedules for seven accounts.

The classification of loans, status of accounts and other assistance approved by the Governor-in-Council during fiscal year 1986–87 under the Industrial Loan Act and the Industrial Development Act is described in Schedule "A".

THE SMALL BUSINESS DEVELOPMENT CORPORATION

On March 31, 1987, the Small Business Development Corporation consisted of 16 members:

Chairman	- D. Roy Publicover	Truro
Members	- R.E. Barkhouse	Lower Sackville
	F.C. Bettens	Glace Bay
	R.P. Dexter	Halifax
	O.P. Harkins	Dartmouth
	M. Kelly	Bedford
	D.L. MacAulay	Baddeck
	E. MacIntosh	Eureka
	G. Muise	New Waterford
	H. Norve	Halifax
	J.P. O'Neil	Dartmouth
	R.A. Prest	Halifax
	R.J. Scott	Dartmouth
	W.T. Withers	Dartmouth

During the fiscal year ending March 31, 1987 the Corporation approved financing for 83 projects totalling $5,015,100 and the anticipated jobs involved, both maintained and created, numbered close to 1,000.

The projects assisted were located in 15 counties of the province. Types of businesses assisted were as follows: manufacturing 57 percent, services 24 percent and retail and wholesale trade 19 percent.

VENTURE CORPORATIONS BOARD

The Venture Corporations Board is comprised of four members:

Chairman - J.R. 'Pat' Ellis, Halifax
Members - Frank T. Barber
Robert B. MacLellan, Q.C.
H.J. 'Burt' Dickie
Robert H. Bruce, C.A.

During the past fiscal year, the Venture Corporations Board added 15 new venture capital corporations to its program. The new equity provided a substantial strengthening of the small businesses involved, which secured long-term jobs in such industry sectors as manufacturing, tourism, research and development, and aquaculture.

Voluntary Planning

The Voluntary Planning Sectors through the Voluntary Planning Board, continued their ongoing consultative and advisory role with government during the year. Department of Development staff, as well as other government department staff, served as representatives to supply research and analytical support as requested.

EMPLOYMENT PROGRAMS

The Department of Development was responsible for six Employment Programs during the fiscal year ending March 31, 1987.

Glace Bay Special Employment Program

The Glace Bay Special Employment Program contributed to the creation of short-term jobs in the town of Glace Bay to help alleviate current high levels of unemployment.

Industry Program

The Industry Program provided wage subsidy assistance toward the creation of new long-term job opportunities in the private sector through businesses able and willing to expand their work force. There were 64 jobs created in 1986–87.

Mainstreet Program

The Mainstreet Program was designed to refurbish, revitalize and promote downtown commercial areas in communities throughout the province. Through this program the department, along with various municipalities and local business people worked together to improve the physical, economic and social environment of downtown areas.

A total of 53 communities and 150 private firms (using storefront facade grants) received assistance under this program. Also, 84 private firms obtained assistance for business rebates (retail development).

The annual Mainstreet Conference was held in Truro. The theme, the "Step by Step Approach" (to economic redevelopment of downtown business cores), attracted about 175 delegates from across North America, representing retailers, government and private developers.

Provincial Employment Program

The Provincial Employment Program created meaningful short-term employment opportunities through projects sponsored by provincial government departments and the primary resource industries of the private sector. The Department of Development also contributed 25 percent of program costs to Challenge '85, which sponsored projects through municipal units to create career-related job opportunities for Nova Scotia students.

The Summer Employment Program created 2,305 jobs for 10 weeks and 1,790 jobs for 16 weeks.

The Fall Employment Program created 1,440 jobs for 14 weeks, under the Social Services Employment Program, 460 jobs for 14 weeks; and under the Municipal Employment Program, 590 jobs for 14 weeks.

The Special Employment Program created job opportunities in "special needs" situations under two programs. The Program for the Disabled created 15 jobs and the Springhill Miners Work Program created 38 jobs.

The Youth Entrepreneurial Skills (YES) Program offered interest-free loans to students (16–24 inclusive) to plan and operate their own small businesses. The program created 400 potential jobs in 1986–87.

Technical Services provides "in-house" planning, engineering and construction teams within the department. The projects handled in the past fiscal year were many and varied. The following were some of the typical projects:

- planning and implementation of the reconstruction of the Shubenacadie Canal
- maintenance and construction for numerous haulout facilities for the inshore fisheries
- technical assistance to a number of industrial commissions
- liaison with, and assistance to, the various shipyards
- planning of marine industrial developments, such as Sheet Harbour, Pictou and Trenton
- administration of the Canada-Nova Scotia Offshore Development fund

BUSINESS DEVELOPMENT PROGRAMS

Management Development Program

Through the Regional Management Development Program, the Department of Development provides financial support to upgrade the quality of management skills in private companies throughout the province. Priority is given to training managers in small-to-medium sized companies, which otherwise would not be able to afford it.

During the 1986–87 fiscal year, the Regional Management Training Program supported the following four institutions: the Atlantic Regional Management Training Centre, the Advanced Management Centre, St. Francis Xavier University and the University of Cape Breton.

Assistance to Industrial Commissions Program

The Assistance to Industrial Commissions Program encouraged local participation in the industrial and commercial development process by cost-sharing 50 percent with municipalities for eligible administrative and promotions expenses.

Black Business Opportunity Program (BBOP)

The Black Business Opportunity Program (BBOP) gave black business people access to capital acquisition and working capital funds, along with funds for educational purposes, to provide the stimulus required to create and maintain jobs in black businesses. The program was also aimed at bringing black businessmen into the mainstream of economic activity in Nova Scotia.

Consulting Assistance Program (CAP)

The Consulting Assistance Program (CAP) allowed eligible small businesses to benefit from the professional advice available through management consultants, accountants, technical people and experienced business people to solve one-of-a-kind problems.

Disabled Entrepreneurs Assistance Program (DEAP)

The Disabled Entrepreneurs Assistance Program (DEAP) provided combined grant/loan guarantee assistance to disabled persons for establishing, expanding or modernizing local business.

Industrial Mall Municipal Tax Rebate Program

The Industrial Mall Municipal Tax Rebate Program encouraged and assisted the start-up of new manufacturing and processing enterprises by giving tax relief to tenants in incubator malls.

Rural Industry Program (RIP)

The Rural Industry Program (RIP) provided grants to assist Nova Scotians outside the Halifax-Dartmouth Metro area with new capital costs relating to the establishment, expansion or modernization of manufacturing, processing or selected service business operations. Eligible capital costs include land, buildings, machinery and equipment.

Women's Entrepreneurial Development Program

The Women's Entrepreneurial Development Program (WEDP) provided an opportunity for women in business to further develop their entrepreneurial and technical skills in the planning, marketing and operational aspects of business.

INDUSTRIAL BENEFITS OFFICE

Through the Industrial Benefits Office, the Department of Development undertook a number of initiatives designed to increase the participation of Nova Scotia's companies in public sector procurement. Projects included co-sponsoring and organizing the Reverse Trade Show, and meetings on sub-contracting opportunities associated with major projects such as; the Atlantic Opportunity Program, the Canadian Space Program (Radarsat and Spar Aerospace) along with the Sysco Modernization Projects and the Tar Ponds Project.

The Industrial Benefits Office staff continued to work with Pratt & Whitney to identify potential Nova Scotian suppliers. Negotiations proceeded on industrial benefit agreements with Litton Systems Canada, and a $3 million offset agreement with CGE.

A conference was held and a Nova Scotian Registry of Women Entrepreneurs was initiated to assist the Atlantic Association of Women Business Owners, and work was begun on a film on female entrepreneurs in Nova Scotia.

TRADE AND INVESTMENT

Trade Development Projects included both trade policy analysis and participation at national and international trade shows to promote the sale of Nova Scotian products and services.

The Department of Development conducted trade policy analysis and represented provincial interests in inter-governmental consultations concerning domestic and foreign market access, particularly with the Department of External Affairs regarding counter-vailing actions and other import restrictions to the United States and the European community.

The commencement of Canada-U.S. bilateral trade negotiations in mid-1986 required the assignment of planning staff in support of the

provincial trade negotiator. Support services included: liaison with other departments and agencies, and the co-ordination of provincial input on negotiated issues, consultations with the private sector and other provincial governments, briefings of government ministers, and provision of technical advice and general research.

Department staff participated in numerous trade development projects during fiscal 1986–87, which included; Food Pacific '86, Vancouver; Fish Expo '86, Boston; Offshore Trade Conference, Houston; Canadian High Technology Show, Toronto; Expo '86, Vancouver; Offshore Newfoundland '86, St. John's; Toronto Fall Gift Show, Toronto; Hostex '87, Toronto; ARMEX '87, Ottawa; and a mission to Morocco plus ACTS '87 in Halifax.

Staff provided ongoing assistance to the committee on Tri-Regional Economic Cooperation and participated on the Board of Directors of the Atlantic Canada/New England Business Council to expand trade links with New England.

TRADE DEVELOPMENT PROGRAMS

The Department of Development administers two Trade Development Programs:

The *Trade Expansion Program* (TEP) offered grants to assist Nova Scotia firms to attend trade fairs and exhibitions, conduct market identification investigations, attend market education courses or host incoming buyers.

In fiscal 1986–87, TEP assisted 126 companies under the Trade Fair Market identification section of the program, aided three incoming buyer projects and provided help to six tourism operators.

The *Product Development Program* (PDMP) encouraged and assisted manufacturers to become market competitive, by providing grant assistance for product design, packaging and market literature design. Of the 48 projects approved during the past fiscal year, ten involved the development of new products, six concerned new packaging and 32 assisted in the development of new export marketing literature.

The Department of Development received approximately twelve Trade Inquiries each month during the 1986–87 fiscal year. The inquiries ranged from questions on marketing statistics to requests for information on duties and tariffs.

Staff also produced the *Nova Scotia Export Quarterly*. This publication provided summary tabulations of provincially produced goods shipped to foreign countries. Detailed tabulations of these exports by commodities and countries are maintained to provide information for a wide range of inquiries.

INDUSTRIAL PROMOTION BRANCH

The Industrial Promotion Branch by direct contact with potential investors promotes Nova Scotia as a location for new business investment.

Focusing on those manufacturing and service industries which will complement the existing Nova Scotia industrial structure, the Industrial Promotion Branch provides professional development guidance to firms considering a location in Nova Scotia. The Industrial Promotion Branch provides information dealing with a multitude of questions involved in new investment decisions such as taxes, wages, financing, availability of manpower, industrial land, technology, and markets.

The Industrial Promotion Branch also provides assistance in sourcing available federal and provincial development assistance programs.

On behalf of the Government of Nova Scotia, the Industrial Promotion Branch promotes and administers the provincial part of the federal Business and Entrepreneur Immigration Programs.

In 1986/87, the Industrial Promotion Branch published the new multicolour "A Step Ahead of Today" promotion brochure. This brochure is a major promotional tool in attracting investors to Nova Scotia. In addition the Branch publishes "Nova Scotia Information Profile" which is updated on an ongoing basis, and is a compendium of information encouraging new industrial development in Nova Scotia.

Cape Breton—Department of Development staff—as members of the Cape Breton Coordinating Committee—assessed applications for financing new industry in Cape Breton.

Attendance at the Industrial Development Research Council annual meeting provided the opportunity to promote the province to over 700 key executives of major U.S. industries.

FEDERAL/PROVINCIAL SUBSIDIARY AGREEMENTS

Under the Canada-Nova Scotia Economic and Regional Development Agreement (ERDA) of 1984, ten subsidiary agreements have been signed by the federal government and the province, for a total financial commitment exceeding $376 million. Two major amendments were signed during 1986–87: Tourism and Forest Renewal, and The Sydney Tar Ponds Clean-up Agreement was signed. The Department of Development actively participated in implementing the following subsidiary agreements during the past fiscal year.

The Technology Transfer and Industrial Innovation Subsidiary Agreement, signed in July 1985, for $34 million, will be cost-shared 70 percent federally and 30 percent provincially. The purpose of the Agreement is to co-operate in the modernization and revitalization of the industrial base through the application of advanced technology.

Several initiatives were underway as a result of funding from the Agreement during the 1986/87 year:

The Technology Advancement Program provided grants to 18 Nova Scotia businesses;

A Technology Colloboration Program promoted the flow of technology between the Province's research institutions and local business;

Institutional CAD/CAM Assistance funded the acquisition of computer aided design (CAD) and computer aided manufacturing (CAM) equipment; and

Technology Business Centre planning was underway to provide new high technology businesses "incubator" space and appropriate services which are crucial to new businesses in their early stages.

The Advanced Manufacturing Support Subsidiary Agreement signed in October 1985, will be cost shared 70 percent federally, 14 percent provincially and 16 percent by the County of Halifax. The purpose of the Agreement is to establish a high technology industrial park and provide facilities for related technological skills training as a stimulus to the development of the high technology sector in Nova Scotia.

The Aerotech Business Park will receive $20 million, out of a total of $31 million from this agreement.

The technological training facility at the Nova Scotia Institute of Technology will receive $11 million in funding from the agreement.

The Sydney Steel Corporation Stage II Modernization Subsidiary Agreement signed in February, 1986, for $157 million, will be cost-shared 70 percent federally and 30 percent provincially. The Agreement provides for the installation of the electric-arc furnace method of steel making, as well as for other plant improvements to enhance product quality, productivity and efficiency and reduce operating costs. The program is in the early stages of implementation with completion expected during 1989.

Development staff, along with federal officials, manage and co-ordinate the *Economic Development Planning Subsidiary Agreement*, which supports studies vital to Nova Scotia's development. The Planning Subsidiary Agreement studies are used to identify or analyse development opportunities and issues, and to determine the most appropriate instruments and mechanisms for pursuing ERDA objectives.

Following last year's "Priority Framework Study", which identified and ranked studies which should be carried out under the Planning Subsidiary Agreement, a number of studies were initiated and several have been completed. Included among these are a study of the communications/information sector in Nova Scotia, a survey of job vacancies in the province, and a study on the impact of railline abandonment.

Under the *Ocean Industries Subsidiary Agreement*, the Ocean Industries Innovation Centre offered financial assistance to 32 projects. Of these projects, (and 17 approved in previous years) 26 were completed during the fiscal year, 17 will continue into the new year and six did not proceed. Innovation Centre Program projects fell into these broad categories: research and development of products, services and markets; management and employee development; business planning; and technology transfer.

Through the Municipal Taxation Assistance Program administered by the Innovation Centre, 6 percent Ocean Industry firms were reimbursed for municipal taxes paid during the first four years of operation, on a decreasing scale of 75 percent to 25 percent.

Considerable non-funded assistance was provided under the agreement as well. This consisted of advice, guidance, referrals and in general, acting as a sounding board for new ideas.

As a result of an amendment to the Ocean Agreement, the Woodside Small Business Technology Centre—an industrial incubator building—was constructed in the Woodside Ocean Industries Park.

The Ocean Agreement has been extended to July 1988.

The Strait of Canso Area Development II Subsidiary Agreement, signed on June 11, 1984, for $28 million, will be cost shared 70 percent federally and 30 percent provincially. The purpose of the Agreement is to enable Canada and the province to plan and promote the economic development of the Strait of Canso area.

As of March 1987, project proposals in excess of $9 million had been identified for approval through Program Two (Small Projects Assistance) of the Agreement. A feasibility study, through Program Three (Heavy Industry Location), was completed regarding the development of a green-field site for offshore or heavy industry development at Bear Head.

In addition, extensive consideration is being given to providing financial, administrative and management assistance to establish an underwater training facility in co-operation with the Nova Scotia Nautical Institute in Port Hawkesbury.

The Agreement expires March 31, 1989.

Note: Information regarding the various subsidiary agreements previously negotiated by the Department of Development, but implemented by other departments, may be obtained from those departments.

PROGRAM DEVELOPMENT

As part of Program Development during the past fiscal year, development staff provided research and administrative support to the Minister's Special Committee on Business Assistance Programs which was called for in the White Paper. This private sector committee is to report its findings on ways to streamline, simplify, and improve the effectiveness of provincial economic development programs in 1987–88.

Other program development efforts focused on the provincial lending policy, on examination of provincial participation in a streamlined Industrial and Regional Development Program (IRDP), and ways to improve municipal/provincial co-operation.

The department supported the design and implementation of projects by community economic development associations and native groups, such as the improvement of access to management services offered by Canadian Executive Services Overseas.

Staff prepared a guidebook for preparing a Community Economic Development strategy, the guidebook is intended to be used as a tool by communities that wish to become proactive in other branches of development at the local level. In conjunction with the department, staff assisted in the preparation of a provincial policy position and provincial guidelines relating to application of the federal Immigrant Entrepreneur Program in Nova Scotia.

As part of the Economic-Policy Analysis function, staff provided input and suggested changes to federal discussion papers and legislative proposals.

The department participated in formulating Nova Scotia's position on the National Science and Technology Policy. Staff also provided views to Policy Board for use in preparing a provincial response to the Forget Commission of Inquiry on Unemployment Insurance and the economic impact of tourism expenditures in the communities of Baddeck and Parrsboro. A review of the economic impacts of the province's marine fuels tax was prepared. The subsequent removal of the marine fuel tax for international vessels has resulted in a sharp increase in bunkering activity in the Port of Halifax.

Staff provided support, co-ordination, and briefing materials for two meetings of federal and provincial ministers responsible for regional development. Staff served on a federal/provincial task force assessing regional development efforts and looking at inter-provincial trade barriers and investment.

Staff maintained an in-house computerized data base and the Nova Scotia Input-Output System.

STATISTICAL INQUIRIES

Statistical Inquiries came from business, government and the general public, and responses were provided from a complete historical data base of all Statistics Canada publications (in hard copy or on microfische). A series of census materials, providing access to unpublished data was maintained and terminal access to CANSIM, Statistics Canada's computerized data base was also available.

INVESTMENT CANADA TRANSACTIONS

Investment Canada Transactions staff prepared an assessment of the compatibility of referred transactions, in relation to the province's economic objectives and industrial policies, together with a recommended response from the province.

ADMINISTRATIVE SUPPORT

Administrative Support is provided by the branches of Finance and Administration Division.

Financial Services

During the past fiscal year, Financial Services continued to upgrade the department's financial system. The branch provides reports for internal use, in addition to those already being produced by the department.

The Machinery and Equipment Tax Rebate Program assisted primarily small businesses by rebating a portion of municipal taxes paid on machinery and equipment.

Administrative Services

Administrative Services initiated the Provincial Records Management Program in association with Library staff and continued to work on the Long Range Systems Plan for computer equipment.

Technical Support Unit

The Technical Support Unit contributed a number of department displays and supplied camera-ready artwork for the department's various publications.

Information Processing Centre

During 1986–87 the Information Processing Centre of Administrative Services, assisted in the preparation of briefing books and a variety of publications and documents for the various branches of the department.

Management Services

Under Management Services, the Senior Analyst, Nova Scotia Benefits, is responsible for the monitoring of government expenditures. He is also Chairman of the Farm Winery Monitoring Committee and a member of the Hospital Expenditure Committee.

Internal Auditor

The Internal Auditor provided senior management with an appraisal of all aspects of the Department's financial activities.

Human Resources

The Human Resources Branch, utilized the Early Retirement Incentive Program to allow three staff members to retire. The branch also participated in the review of all bargaining unit positions and introduced a Long-Term Disability Program.

VOLUNTARY PLANNING 1987/88 ACTIVITY

The Voluntary Planning Board provides a vehicle through which the private sector can voluntarily become involved in development and economic planning and can make direct representation to all levels of government.

The Voluntary Planning Sectors, through the Voluntary Planning Board, continued their ongoing consultative and advisory role with government during the year. Department of Development staff, as well as other government department staff, served as representatives to supply research and analytical support as requested.

In addition to its regular meetings and activities, the Voluntary Planning Board produced the following:

— completion of Mineral Strategy, 1986

— completion of work leading to the establishment of the Clean Nova Scotia Foundation

— completion of work leading to the development of the Arson Prevention Council and related promotional material

— completion of the Agriculture Sector's Position Paper on Free Trade

— introduction into the provincial education system of a video and teacher's guide on responsible use of ATV's for Grade Nine students

— recommendation to the Premier regarding completion of property mapping and registration of deeds in Western Nova Scotia

— major advisory input into the development of the new Nova Scotia Building Code Act

Voluntary Planning is comprised of 21 Sectors, with a total membership of 569 volunteers.

PROGRAM EXPENDITURES TABLE

	1985–86 Actual	1986–87 Estimate	1986–87 Actual
Assistance to Industrial Commissions Program	499,599	485,000	481,291
Black Business Opportunity Program (BBOP)	103,327	100,000	109,156
Consulting Assistance Program (CAP)	238,800	225,000	233,290
Disabled Entrepreneurs Assistance Program (DEAP)	29,972	50,000	62,056
Glace Bay Special Employment Program	246,688	—	—
Industrial Loan Program	21,407,164	16,000,000	8,367,343
Industrial Mall Municipal Tax Rebate Program	15,479	20,000	14,001
Industry Program	74,178	10,000	—
Innovation Centre Program	361,043	350,000	315,214
Machinery and Equipment Tax Rebate Program	3,023,176	2,700,000	2,594,839
Mainstreet Program	3,476,994	3,085,000	3,059,340
Municipal Taxation Assistance Program	149,622	142,000	84,149
Product Development Management Program (PDMP)	50,246	50,000	84,851
Provincial Employment Program (PEP)	13,823,406	5,000,000	5,478,057
Regional Management Training Program	144,728	135,000	128,491
Rural Industry Program (RIP)	843,041	1,000,000	813,381
Small Business Loan Program	5,357,880	5,000,000	4,962,834
Special Employment Program	172,218	—	—
Trade Expansion Program (TEP)	382,595	400,000	346,494
Venture Capital Program	2,021,900	2,000,000	2,621,333
Women's Entrepreneurial Development Program (WEDP)	41,693	50,000	48,593
Youth Entrepreneurial Skills Program (YES)	165,140	110,000	526,472

FEDERAL/PROVINCIAL SUBSIDIARY

Current Subsidiary Agreement	Expiry Date	Fed./Prov. Cost-Sharing Ratio	Total Funding ($ Mill)	Total Spending to Date	Spending Year to Date
Ocean Industry*	July 31/87	65:35	35.0	12.0	2.3
Forest Resource Development*	Mar. 31/87	53:47	53.4	19.0	5.3
Forest Renewal*	Mar. 31/87	69.31	18.0	3.5	9.2
Agri-Food*	Oct. 31/87	48:52	48.3	22.3	4.6
Economic Planning	Mar. 31/89	50:50	4.0	.7	.3
Canso II	Mar. 31/89	70:30	28.0	5.2	3.9
Mineral Development	Mar. 31/89	60:40	26.9	5.7	3.2
Advanced Manufacturing Support	Mar. 31/88	70:30*	31.1	9.5	8.1
Fisheries	Mar. 31/89	70:30	28.5	1.6	1.4
Tourism II	Mar. 31/89	70:30	14.0	.9	.9
Technology Transfer	Mar. 31/90	70:30	34.0	4.9	2.1
Michelin	Dec. 31/90	75:25	56.0	12.6	5.9
Sydney Steel Corporation Stage II Modernization	Mar. 31/91	70:30	157.1	3.5	3.5
Sydney Tar Ponds	Nov. 30/91	70:30	4.2	.04	.04

* These four sub-agreements were signed under the General Development Agreement (GDA), which expired in 1984 and was subsequently replaced with the ERDA.

** Municipality of the County of Halifax share ($5.0 Million).

NOVA SCOTIA ECONOMY

	1986	% Change 1986/85 Current $	Constant $
Gross Domestic Product at Factor Cost ($ million)			
Nova Scotia	11,179	7.8	5.2
Canada	452,278	5.0	1.9
Population and Labour Force ('000)			
Population	873	0.3	
Labour force	392	1.8	
Employment	341	2.4	
Unemployment	51	-1.9	
Unemployment Rate (percent)	13.1	-3.7	
Consumer Price Index (1981 = 100)			
Halifax	131.7	3.5	
Canada	132.4	4.1	
Personal Income, Total ($ million)	11,947	6.9	3.4
Personal Income Per Capita ($)	13,685	6.7	3.2
Nova Scotia Income Per Capita as a Percent of Canadian Income Per Capita	80.9	0.7	
Average Weekly Wages ($)	390	3.4	-0.1
Nova Scotia Average Weekly Wages as a Percent of Canadian Average Weekly Wages	90.6	0.9	
Retail Sales ($ million)			
Nova Scotia	4,796	4.7	1.2
Canada	140,009	8.2	4.1
Investment and Housing			
Capital Investment ($ million)			
Nova Scotia	3,680	5.4	1.9
Canada	125,011	6.9	3.4
Housing Starts (units)			
Nova Scotia	7,571	9.4	
Canada	199,785	20.5	
Output			
Fish Landings ($ '000)	407,800	31.9	-2.2
Farm Cash Receipts ($ '000)	266,600	3.1	0.2
Pulpwood Production ('000m3)	3,115	3.8	
Lumber Production (m.fbm)	225,058	15.6	
Coal Production ('000 tonnes)	2,955	5.6	
Manufacturing Shipments ($ million)			
Nova Scotia	4,755	2.6	0.2
Canada	253,911	2.2	-0.6

NOVA SCOTIA ECONOMY

	1986	% Change Current $	1987/86 Constant $
Trade			
Value of Exports to Foreign Countries ($ million)			
Nova Scotia	1,916	26.6	29.9
Canada	116,588	0.4	2.7

Source: Statistics Canada, Department of Development, Department of Mines and Energy and Conference Board of Canada

DEPARTMENT OF DEVELOPMENT
PROVINCE OF NOVA SCOTIA
NOVA SCOTIA RESOURCES DEVELOPMENT BOARD
TOURISM & INDUSTRIAL LOAN STATISTICS

SCHEDULE "A"

AUTHORIZATIONS FOR YEAR ENDED MARCH 31, 1987

Loans & Guarantees	No.	Amount
Industrial	19	$58,388,000
Tourism	6	700,000
Other	—	
	25	$59,088,000

AUTHORIZATIONS FOR YEAR ENDED MARCH 31, 1986

Loans & Guarantees	No.	Amount
Industrial	31	$24,037,000
Tourism	9	6,536,000
Other	3	176,000
	43	$30,749,000

ACCOUNTS IN ARREARS AS AT MARCH 31, 1987

Principal Arrears Active Loans		
Industrial	22	$ 1,525,000
Tourism	15	719,000
	37	$ 2,244,000

ACCOUNTS IN ARREARS AS AT MARCH 31, 1986

Principal Arrears Active Loans		
Industrial	18	$ 695,137
Tourism	25	455,697
	43	$ 1,150,834

ACCOUNTS IN ARREARS AS AT MARCH 31, 1987

Percentage in Arrears Active Loans

Industrial	12.2%	1%
Tourism	12.8%	4%

Reserves For Doubtful Accounts

Industrial	42	$38,967,224
Tourism	11	2,432,434
Other	3	4,848,865
	56	$46,248,523

PAYOUTS & WRITE-OFFS DURING FISCAL 1987

Loans Paid Off

Industrial	14
Tourism	12
Other	2
	28

ACCOUNTS IN ARREARS AS AT MARCH 31, 1986

Percentage in Arrears Active Loans

Industrial	8.2%	0.9%
Tourism	19.5%	2.5%

Reserves For Doubtful Accounts

Industrial	41	$39,246,882
Tourism	13	1,783,581
Other	3	4,848,865
	57	$45,879,328

PAYOUTS & WRITE-OFFS DURING FISCAL 1986

Loans Paid Off

Industrial	9
Tourism	5
Other	0
	14

Loans Written Off

Industrial	9	$ 4,274,000
Tourism	1	2,000
	10	$ 4,276,000

Loans Written Off

Industrial	4	$ 1,043,800
Tourism	0	0
	4	$ 1,043,800

NOVA SCOTIA VENTURE CORPORATIONS BOARD

STATISTICAL REVIEW			1986–1987
Registered VCC's			
Number		15	13
Registration Fees		$ 3,000	$ 2,600.00
Special Ruling Fees		0	75
Equity Loans			
Number Approved		$ 38	35
Amount Approved		3,407,450	$3,786,433.33
Amount Advanced		2,136,900	$3,006,333.33
Number of VCB Meetings		**13**	12

Type of Business	No.	Amount	No.	Amount
Manufacturing & Processing	22	$1,997,000	23	$2,641,000.00
Tourism	2	90,000	3	275,433.33
Mineral Exploration & Development	—	0	1	250,000.00
Transportation	1	125,000	0	0
Research & Development	1	200,000	1	10,000.00
Computer Services & Data Transmission	5	313,450	1	200,000.00
Aquaculture	4	242,000	2	165,000.00
Printing & Publishing	1	175,000	3	145,000.00
Farming	1	15,000	0	0
Other	1	250,000	1	100,000.00
Total	**38**	**3,407,450**	35	$3,786,433.33

SMALL BUSINESS DEVELOPMENT CORPORATION STATISTICAL REVIEW

AUTHORIZATIONS	No/%	1985/86 Amount Authorized	No/%	1986/87 Amount Authorized
Loans	94	$6,469,800.	73	$4,625,127.
Guarantees	8	262,500.	10	390,000.
	102	$6,732,300.	83	$5,015,127.
By Industry Sector				
Manufacturing	48	$3,219,400.	57	$2,849,077.
Services	25	1,716,900.	24	1,212,300.
Retail & Wholesale	27	1,796,000.	19	953,750.
	100	$6,732,300.	100	$5,015,127.
Purpose				
Establish New Business	33	$2,234,500.	17	$ 831,250.
Expand Existing Bus.	60	4,058,800.	73	3,687,300.
Other Purposes	7	439,000.	10	496,577.
	100	$6,732,300.	100	$5,015,127.

Distribution ($)	No.	%	No.	%
0– 25,000	33	32	35	42
25,000– 50,000	24	24	19	23
50,000–100,000	27	26	13	16
100,000–250,000	18	18	16	19
	102	100	83	100

	Dollars ($)	Dollars ($)
Accounts Written Off	425,072.	549,837.
Reserves for Doubtful Accts.	1,904,257.	2,134,260.
Actual Advances	5,446,592	5,202,834.

Note: Further information available in Small Business Development Corporation Annual Report.